DHHS Response to Questions from Joint Legislative Oversight Committee on Health and Human Services Regarding MMIS

September 11, 2012

DHHS Response inserted below the question.

- **What is the latest schedule for completion and going live with MMIS?**

  DHHS Response: The schedule for the completion and operational start of the Replacement MMIS remain unchanged from the schedule attached to Contract Amendment 2 approved in July 2011.

- **What are all of the issues that may cause the schedule to slip?**

  DHHS Response: Currently, there are no known slippages in the MMIS; however, there are schedule risks with any project of the size and complexity of the Replacement MMIS project. The schedule risks for this project have been magnified by the level of change required in the Legacy MMIS by Federal changes in healthcare policy and regulation, the measures the State has taken in reaction to budget challenges, and ongoing efforts to improve the health outcomes for North Carolina's most vulnerable citizens. DHHS and CSC are working to implement the changes to the system with the greatest impact to the State, Providers, and Recipients. There are more changes in the backlog than are practical to implement in the new system without impacting the quality of the solution. The Department is evaluating ways to manage the impact of changes that might not be available until three months after the operational start of the system. Other things to be considered are:

  - Any problems uncovered during User Acceptance Testing (UAT (September 2012 through mid-January 2013). Most MMIS projects suffer a delay due to problems uncovered during UAT; with North Carolina's approach, users tested part of the system, build by build, prior to UAT. This should have reduced the probability of uncovering major problems.
  - System changes introduced after UAT starts could impact the go-live date.
  - If a decision is made to include, by go-live, changes not currently scheduled to be implemented until post go-live
  - If the NC FAST interface data and format are not the same as EIS.

  Discuss slippages for all vendors currently working on the new MMIS.

DHHS Response: There is only one vendor responsible for the development of the new MMIS.

Truven is the Reporting and Analytics Solution vendor

- The DDI phase will extend through the MMIS POP period; however, the R&A project is on schedule to accept the converted data from go-live in July 2013.

GL Solutions is the DHSR BPAS vendor

- DHSR's BPAS project schedule is expected to slide approximately six months. The project teams are in the process of developing a new schedule. The BPAS project has no impact on the MMIS schedule.

- **What is the fiscal impact if the schedule slips?**

DHHS Response: A delay in the implementation of the replacement MMIS would potentially delay the start of the projected $3,000,000 per month operational savings.

What is the additional cost for HP?

DHHS Response: Unknown. HP would continue to be reimbursed pursuant to the current contract.

Who pays the cost of continuing to operate the legacy system?

DHHS Response: The answer to the question is depends on who is responsible for the delay in implementation. The party responsible (DHHS or CSC) for the delay will pay the legacy costs; if it is a shared responsibility, then the cost will be shared based on the percentage of responsibility.

Will CMS continue to pay a share of the overrun?

DHHS Response: If an extension of the schedule is required, the Department will have to request approval for additional funding via an update to the Implementation Advance Planning Document. Approval is solely within CMS' discretion.

What is the potential cost to the State?

DHHS Response: Unknown. This cost would be determined based on who is responsible for the delay.

- **Provide the transition plan from HP to CSC, please include the following:**

  - **Detailed plan for HP to CSC conversion, to include a timeline for implementation**

    DHHS Response: The implementation timeline is still scheduled for July 1, 2013. Not sure if this question is asking about the "conversion" which is a part of transition. The Transition to Operations (TTO) is part of the vendor's integrated master schedule and includes a number of deliverables, most of which are yet to be received. The Deployment Plan is a major component and is scheduled to be delivered on September 2012. A review of this document will be a joint effort across all related vendors.

  - **State employees' role in the operation of the new MMIS**
    - **Organizational structure and Associated Costs**

      DHHS Response: The organizational structure for the Multi-payer MMIS has not yet been determined.

  - **Plan for the state employees currently working on the new MMIS who will no longer have a role - do they go back to their original agency?**

    DHHS Response: Yes. Staff (and the associated positions) participating in the MMIS Implementation will return to their parent Division/Office (DMA, DMH, DPH, DHSR, Controller's, DIRM) for reassignment or dispositioning. Time-limited staff will be released.

    Explain how these positions are currently funded and what the fiscal impact will be on the organizations to which the State employees return.

    DHHS Response: The positions that were transferred to the Project are fully funded through recurring salary dollars.

    Do the organizations have vacant positions for them to fill on their return?
    DHHS Response: No, however; the staff and associated position will be returned to the parent division. Many of these positions have been supported through temporary staff.

- **Plan for terminating vendors who are no longer required.**

  DHHS Response: All vendors under the NC MMIS Replacement Program have contract end dates governed by the associated work. All contracts do not end at Go-Live. The testing contract ends on July 28, 2013 and the IV&V contract ends on June 30, 2014.

- **List capabilities in the legacy system that will not initially be included in the new MMIS**.

  Since the release of the RFP, there have been 1,997 changes to the legacy system due to changes and new requirements in federal and/or state law or program changes. Most of these changes will be included in the Replacement MMIS. However, due to the fact the changes are still being made to the legacy system it is inevitable that some of these will not be initially included in the Replacement MMIS. It will be premature to attempt to list those capabilities since it is unknown what changes maybe incomplete on the Go-Live date. Just for context, you should be aware that since the release of the RFP for the Replacement MMIS, to date, there have been over 1,200 changes in the system requirements due to changes in federal and/or state law, and other policy changes at the state and federal levels. The Department has closely analyzed these changes and prioritized the changes for the vendor. In making this prioritization, impact on providers, patients, State Medicaid operations and continued federal funding were all essential considerations.

  - Why each capability was excluded and the process for making that decision
  - Impact on providers
  - Impact on patients
  - Impact on State Medicaid operations
  - Timeline to incorporate these capabilities in the new MMIS

- **Regarding potential 2014 implementation of the Affordable Care Act, what is the deadline to notify HP (if schedule slips) for these changes if NC decides to expand Medicaid with a limited set of benefits;**

  DHHS Response: It would depend on what, if any, changes NC might decide to make, plus the amount of time it would take HP to make such changes.

  Does CSC have this in the works also?

  DHHS Response: CSC has analyzed the high-level impacts associated with supporting the ACA based on the Medicaid Lite Product Design and produced a rough order of magnitude (ROM). The ROM was provided at the State's request, and is based on the attached information provided to CSC by the State. Additional Design, Development and Installation (DDI) assumptions are noted below:

- This will require creating a new health plan and benefit plan, copying over the configuration details related to Medicaid, and tweaking anything that is unique to Medicaid Lite. Coding will be involved
- There will be new audits added to distinguish this plan from Medicaid. The new audits will be loaded and tested
- There will be the need for additional edits to be coded to support the pharmacy rules.
- In order to separate the claims and recipient information related to ACA from Medicaid, some of the existing reports need to be modified and new reports or section breaks for existing reports need to be developed
- Since this requires a new benefit plan, there will be a need to define a new benefit service group to host the coverage rules. No conversion of data is expected since this functionality is going to be new.

➢ **If CSC is unable to initially use NCFAST for Medicaid eligibility determinations, what alternative do they propose? What is the cost of CSC's interim solution, and who would cover that cost? When will DHHS determine if they are going to have to use an interim solution?**

DHHS Response: It is the State's responsibility to provide the data and CSC is not proposing alternatives. It is anticipated that NCFAST will be the Medicaid eligibility determination solution for a limited number of counties on July 1, 2013, as planned by the staged rollout of the solution across North Carolina scheduled to begin in April 2013. The legacy solution, EIS, will remain in use for counties that have not been converted to NCFAST for Medicaid eligibility determination.

To coordinate the operational start of the Replacement MMIS solution with the staged rollout of NCFAST, DHHS is developing a solution that will allow eligibility information from NCFAST to be converted to the format provided by the EIS solution. The converted NCFAST and Legacy EIS data would be merged together and presented in a common format to the Replacement MMIS. With this strategy in place, the schedule for the Replacement MMIS project would be essentially uncoupled from the NCFAST implementation schedule. After NCFAST is operational for all North Carolina counties, the Replacement MMIS interface would be enhanced to take advantage of the full set of NCFAST data.

➢ **Please notify the committee members of other issues not already discussed.**

DHHS Response: The biggest risks to this project are Federal and State mandates to programs' policies that create mandatory changes to both the MMIS Legacy and the Replacement MMIS. The Replacement MMIS' system is already committed to developing numerous existing change requests. Continuing to make new demands for changes in the Replacement MMIS system will jeopardize the current schedule.